

29 April 2022

Independent Pricing and Regulatory Tribunal
Level 16, 2-24 Rawson Pl.
Sydney NSW 2000



Civic Centre
68 Elizabeth Street Moss Vale
PO Box 141 Moss Vale NSW 2577

Dear Sir/Madam,

02 4868 0888
mail@wsc.nsw.gov.au
ABN 49 546 344 354

RE: Wingecarribee Shire Council – Additional Special Variation application

Please find Council's application for a permanent additional rate increase of 0.8% as a part of the 2022-23 Additional Special Variation (ASV) process. The following documentation has been attached for your consideration:

- Completed IPART application template (Excel Document) as required for the 2022-23 ASV process.
- Council resolution for an ongoing additional special variation in accordance with section 508(2) of the Local Government Act 1993 to fund ongoing service levels in accordance with Council's adopted Long Term Financial Plan (LTFP).
- Council's adopted 2020-21 base year LTFP (10 years) which was tabled at the Council meeting held on 8 July 2020 as a part of the adoption of Council's 2020-21 Operational Plan. This iteration of the LTFP is the latest adopted version of Council's LTFP which sought a rate peg increase of 2% in the 2022-23 financial year.

In addition to the above, Council is required to provide additional information demonstrating the financial need for the ASV with an Operating Performance ratio greater than 2.

Additional Information - Operating Performance Ratio

Since the adoption of Council's LTFP in July 2020, inflation relating to employee costs, materials and fuel have outstripped the existing rate peg to place pressure on Council's financial position. These cost pressures have been compounded by the inclement weather events that have been ongoing since February 2022. These adverse weather events have adversely impacted Council's infrastructure network and increased maintenance costs to ensure public safety is managed adequately. These additional costs are not reflected in the adopted LTFP and the community expectation is that Council maintains public safety whilst continuing to deliver business as usual services.

In preparing this application, its last adopted LTFP has been used to populate the prescribed template provided by IPART. In populating the IPART template, Council's Operating Performance Ratio is as follows:

Working with you

Financial Year	Operating Performance Ratio with additional ASV	Operating Performance Ratio with no ASV
2020-21 (Actual)	-2.2%	-2.2%
2021-22 (Forecast)	2.2%	2.2%
2022-23 (Forecast)	2.3%	1.9%

It is evident that Council's Operating Performance ratio will diminishes to below 2% in 2022-23 if the ASV is not received. This will adversely impact service levels (both operating services and capital works) to the community to ensure Council maintains its financial sustainability. Surplus funds generated from Council's positive Operating Performance ratio have been allocated to fund current and future services and capital works. Below is a summary of Council's capital works program, where ASV funds have been allocated:

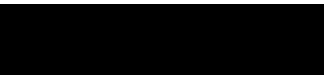
Financial Year	Capital Expenditure (\$M)
2021-22 (Current Budget)	79.5
2022-23 (Proposed)	69.8
2023-24 (Proposed)	103.7
2024-25 (Proposed)	83.9
2025-26 (Proposed)	54.6

The additional \$425,000 per annum generated from a 0.8% ASV, has already factored into Council's adopted LTFP (which factored a total rate peg increase of 2%) and will be used to maintain existing service levels and reduce Council's infrastructure backlog. If Council was unsuccessful in receiving this ASV, Council's infrastructure backlog would grow by approximately \$4.8 million and asset conditions further deteriorate over the life of the LTFP. With high inflationary pressures currently being experienced, if Council is unsuccessful in receiving the additional 0.8% ASV, service levels to community will be reduced and may jeopardise the delivery of essential services and infrastructure.

If you do require any further information on this application, please don't hesitate to contact me on



Yours sincerely



Pav Kuzmanovski
CFO